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UNCLAS TEGUCIGALPA 001841

SIPDIS

STATE FOR WHA/CEN, WHA/EPSC AND EB/EPPD
TREASURY FOR DDOUGLASS
COMMERCE FOR MSIEGELMAN AND AVANVUREN
STATE PASS USAID FOR LAC/CAM

E.O. 12958: N/A

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SUBJECT: GOH Approves MCC Compact and Creates MCA-Honduras

1. On August 26, the Honduran National Assembly approved the MCC Compact and on August 30 approved the law creating MCA-Honduras, which is the GOH legal entity that will be responsible for implementing the MCC Program.

2. MCC staff will be working with GOH to complete the remaining steps so that the Compact can enter into force and the \$215 million can be obligated. Under the terms of the Compact, the Disbursement Agreement, the Procurement Agreement and the Term Sheet (this includes terms for the Fiscal Agent Agreement, Procurement Supervisor Agreement, Bank Agreement, and Governance Regulations) must be concluded prior to entry into force.

3. COMMENT: MCC expects that the Compact will enter in force within the next month but is somewhat concerned that the GOH is becoming increasingly distracted by the election and debt relief. Post will continue to work closely with the GOH to ensure that this important program remains a top priority and is implemented promptly, transparently, and with all necessary accountability measures in place. END COMMENT.

Williard